

**ALBERT TOWNSHIP
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

September 12, 2008

Township Board
Albert Township
Lewiston, Michigan 49756

I have audited the accompanying financial statements of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of Albert Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Albert Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of Albert Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Albert Township's basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading "Thomas R. Zick, CPA P.C.", written in dark ink.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ALBERT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net assets increased 7.2% from a year ago – increasing by \$200,010

The increase in overall Township tax revenues is the result of continued strength in new construction and property value growth. The increase in taxable value for 2008 is 6.4% compared to an increase of 5.9% in 2007. The business type activity experienced a \$38,934 increase in net assets, primarily as a result of a general fund transfer of \$50,000.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date.

	<u>03/31/08</u>		<u>03/31/07</u>		<u>03/31/08</u>	<u>03/31/07</u>
	<u>Governmental Activities</u>	<u>Business Type Activity</u>	<u>Governmental Activities</u>	<u>Business Type Activity</u>	<u>Total</u>	<u>Total</u>
Current Assets	\$ 1,757,392	\$ 5,135	\$ 1,534,724	\$ 28,247	\$ 1,762,527	\$ 1,562,971
Noncurrent Assets	990,446	263,404	1,050,308	223,897	1,253,850	1,274,205
Total Assets	<u>2,747,838</u>	<u>268,539</u>	<u>2,585,032</u>	<u>252,144</u>	<u>3,016,377</u>	<u>2,837,176</u>
Current Liabilities	<u>40,241</u>	<u>760</u>	<u>38,511</u>	<u>23,299</u>	<u>41,001</u>	<u>61,810</u>
Total Liabilities	<u>40,241</u>	<u>760</u>	<u>38,511</u>	<u>23,299</u>	<u>41,001</u>	<u>61,810</u>
Net Assets						
Invested in Capital Assets -						
Net of Debt	990,446	263,404	1,050,308	223,897	1,253,850	1,274,205
Restricted	1,220,915	-	1,080,059	-	1,220,915	1,080,059
Unrestricted	<u>496,236</u>	<u>4,375</u>	<u>416,154</u>	<u>4,948</u>	<u>500,611</u>	<u>421,102</u>
Total Net Assets	<u>\$ 2,707,597</u>	<u>\$ 267,779</u>	<u>\$ 2,546,521</u>	<u>\$ 228,845</u>	<u>\$ 2,975,376</u>	<u>\$ 2,775,366</u>

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$500,611, up \$79,509 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year.

	<u>03/31/08</u>		<u>03/31/07</u>		<u>03/31/08</u>	<u>03/31/07</u>
	Governmental Activities	Business Type Activity	Governmental Activities	Business Type Activity	Total	Total
Program Revenues						
Charges for Services	\$ 276,265	\$ 4,479	\$ 287,628	\$ 4,352	\$ 280,744	\$ 291,980
Operating Grants and contributions	4,706	-	4,723	-	4,706	4,723
Capital Grants and contributions	-	-	39,406	-	-	39,406
General Revenues						
Property Taxes	469,832	-	463,709	-	469,832	463,709
State Shared Revenues	185,418	-	183,882	-	185,418	183,882
Unrestricted Investment Earnings / Other Revenue	83,175	-	85,782	115	83,175	85,897
Total Revenues	<u>1,019,402</u>	<u>4,479</u>	<u>1,065,130</u>	<u>4,467</u>	<u>1,023,875</u>	<u>1,069,597</u>
Program Expenses						
General government	259,357	-	306,064	-	259,357	306,064
Public Safety	438,721	-	431,168	-	438,721	431,168
Public Works	79,045	15,545	93,470	11,923	94,590	105,393
Recreation and Culture	31,197	-	14,472	-	31,197	14,472
Total Expenses	<u>808,320</u>	<u>15,545</u>	<u>845,174</u>	<u>11,923</u>	<u>823,865</u>	<u>857,097</u>
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>(120,000)</u>	<u>120,000</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 161,082</u>	<u>\$ 38,934</u>	<u>\$ 99,956</u>	<u>\$ 112,544</u>	<u>\$ 200,010</u>	<u>\$ 212,500</u>

The Township's net assets continue to remain healthy. With new residents moving in, the total revenues grew slightly faster than inflation while we were able to hold expenses in line.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$1,019,396 which was a decrease of \$56,928 primarily due to a decrease in federal grant revenue for the year.

Expenditures also decreased for the year by approximately \$163,000. This was primarily due to the decrease in capital outlay for the fire department.

BUSINESS TYPE ACTIVITY

The Township's only business type activity is a water system which provides water to only customers in the downtown area of Lewiston. This activity relies heavily on the general fund for financial support if large capital improvements are needed. It showed an increase in net assets of \$38,934 for the fiscal year. This occurred because the general fund transferred \$50,000 to offset capital outlay for the new well.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for 2007/08 include the General Fund, Fire and Ambulance Fund, and Road Fund. The other fund is the Metro Act Fund.

The General Fund pays for most of the Township's governmental services, except for fire and ambulance services that are paid for by the Fire and Ambulance Fund. The most significant services in terms of costs incurred are assessing and transfer site which are paid by the General Fund and fire and ambulance services paid by the Fire and Ambulance Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$73,426 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2008 the Township had \$1,253,850 invested in net capital assets in a broad range of capital assets, including buildings, equipment and fire equipment, and water system. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's budget for 2008/09 General Fund calls for the allocated millage to continue with a slight 'Headlee' rollback. The Fire and Ambulance Fund extra voted millage will also continue with a slight rollback. Both millages reflect an increase in revenue due to the increase in Taxable Value.

There is continued reduction in the General fund Revenues due to the State not paying Statutory Revenue Sharing. The estimated loss to the township due to statutory revenue is estimated at \$45,000 for Fiscal year 2008/09.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the supervisor's office at (989) 786-2513 or visit the Township offices located in Lewiston, Michigan.

ALBERT TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash demand, time deposits, and investments	\$ 1,594,939	\$ 5,135	\$ 1,600,074
Receivables			
Taxes	40,251	-	40,251
Administration Fee	2,600	-	2,600
Accounts	29,602	-	29,602
Prepaid Expenses	90,000	-	90,000
Capital assets			
Land	64,700	-	64,700
Other capital assets, net of depreciation	<u>925,746</u>	<u>263,404</u>	<u>1,189,150</u>
 TOTAL ASSETS	 <u>2,747,838</u>	 <u>268,539</u>	 <u>3,016,377</u>
LIABILITIES			
Accounts payable	28,442	760	29,202
Accrued liabilities	<u>11,799</u>	<u>-</u>	<u>11,799</u>
 TOTAL LIABILITIES	 <u>40,241</u>	 <u>760</u>	 <u>41,001</u>
NET ASSETS			
Invested in capital assets, net of related debt	990,446	263,404	1,253,850
Restricted for:			
Road Fund	276,139	-	276,139
Fire and Ambulance Fund	943,845	-	943,845
Metro Act Fund	931	-	931
Unrestricted	<u>496,236</u>	<u>4,375</u>	<u>500,611</u>
 TOTAL NET ASSETS	 <u>\$ 2,707,597</u>	 <u>\$ 267,779</u>	 <u>\$ 2,975,376</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Primary Government					
Governmental Activities					
General Government	\$ 259,357	\$ 61,702	\$ -	\$ -	\$ (197,655)
Public Safety	438,721	135,163	-	-	(303,558)
Public Works	79,045	79,400	4,706	-	5,061
Recreation and Culture	31,197	-	-	-	(31,197)
Capital Outlay	-	-	-	-	-
Total Governmental Activities	808,320	276,265	4,706	-	(527,349)
Business Type Activity					
Water Fund	15,545	4,479	-	-	(11,066)
Total Primary Government	\$ 823,865	\$ 280,744	\$ 4,706	\$ -	(538,415)
			Governmental Activities	Business Type Activities	Total
Changes in net assets					
Net (expense) revenue			\$ (527,349)	\$ (11,066)	\$ (538,415)
General revenues:					
Taxes:					
Property taxes levied for general operating/swamp tax			128,724	-	128,724
Property taxes levied for fire & ambulance			270,056	-	270,056
Property taxes levied for roads			71,052	-	71,052
State Revenue Sharing not restricted to specific purposes			185,418	-	185,418
Interest and royalty earnings			76,356	-	76,356
Other revenue			6,819	-	6,819
Transfers			(50,000)	50,000	-
Total general revenues and taxes			688,425	50,000	738,425
Change in net assets			161,076	38,934	200,010
Net assets, beginning of year			2,546,521	228,845	2,775,366
Net assets, end of year			\$ 2,707,597	\$ 267,779	\$ 2,975,376

See Notes to Financial Statements

ALBERT TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	OTHER FUNDS	TOTAL
ASSETS					
Cash and Investments	\$ 507,064	\$ 906,566	\$ 180,378	\$ 931	\$ 1,594,939
Receivables					
Taxes	8,931	24,796	6,524	-	40,251
Administration Fee	2,600	-	-	-	2,600
Ambulance	-	29,602	-	-	29,602
Other	-	-	-	-	-
Prepaid Expenses	-	-	90,000	-	90,000
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	<u>\$ 518,595</u>	<u>\$ 960,964</u>	<u>\$ 276,902</u>	<u>\$ 931</u>	<u>\$ 1,757,392</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	14,206	13,473	763	-	28,442
Accrued Liabilities	<u>2,403</u>	<u>3,646</u>	<u>-</u>	<u>-</u>	<u>6,049</u>
TOTAL LIABILITIES	<u>16,609</u>	<u>17,119</u>	<u>763</u>	<u>-</u>	<u>34,491</u>
FUND BALANCES					
Reserved	-	943,845	276,139	931	1,220,915
Unreserved	<u>501,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,986</u>
TOTAL FUND BALANCES	<u>501,986</u>	<u>943,845</u>	<u>276,139</u>	<u>931</u>	<u>1,722,901</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 518,595</u>	<u>\$ 960,964</u>	<u>\$ 276,902</u>	<u>\$ 931</u>	<u>\$ 1,757,392</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
MARCH 31, 2008

Fund Balances - Total Governmental Funds	\$ 1,722,901
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets - at Cost	2,144,295
Accumulated Depreciation	(1,153,849)

Accrued personal leave is not included as a liability in the governmental funds	<u>(5,750)</u>
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Net Assets of Governmental Activities	<u>\$ 2,707,597</u>
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See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	OTHER FUNDS	TOTAL
REVENUES					
Taxes	\$ 128,724	\$ 270,056	\$ 71,052	\$ -	\$ 469,832
State Sources	185,418	-	-	4,706	190,124
Federal Sources	-	-	-	-	-
Other Governments	12,500	-	-	-	12,500
Charges for Services	84,604	135,163	-	-	219,767
Interest Income / Royalty Income	36,295	34,604	5,206	251	76,356
Administration Fee	43,998	-	-	-	43,998
Other Revenue	4,479	2,340	-	-	6,819
	<u>496,018</u>	<u>442,163</u>	<u>76,258</u>	<u>4,957</u>	<u>1,019,396</u>
TOTAL REVENUES					
EXPENDITURES					
General Government	246,174	-	-	-	246,174
Public Safety	33,299	346,614	-	-	379,913
Public Works	59,602	-	19,443	-	79,045
Recreation & Culture	31,197	-	-	-	31,197
Capital Outlay	2,320	-	-	16,465	18,785
	<u>372,592</u>	<u>346,614</u>	<u>19,443</u>	<u>16,465</u>	<u>755,114</u>
TOTAL EXPENDITURES					
REVENUES OVER (UNDER) EXPENDITURES	123,426	95,549	56,815	(11,508)	264,282
OTHER FINANCING SOURCES (USES)					
Operating Transfers Out	(50,000)	-	-	-	(50,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	73,426	95,549	56,815	(11,508)	214,282
FUND BALANCES, BEGINNING OF YEAR	<u>428,560</u>	<u>848,296</u>	<u>219,324</u>	<u>12,439</u>	<u>1,508,619</u>
FUND BALANCES, END OF YEAR	<u>\$ 501,986</u>	<u>\$ 943,845</u>	<u>\$ 276,139</u>	<u>\$ 931</u>	<u>\$ 1,722,901</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 214,282
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital Outlay	18,785
Deduct - Depreciation Expense	(78,647)

Decrease in Accrued Personal Leave	<u>6,656</u>
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Change in Net Assets of Governmental Funds	<u>\$ 161,076</u>
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See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 MARCH 31, 2008

	ENTERPRISE FUND <u>WATER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 5,135
Capital Assets	
Water System - Cost Net of Depreciation	<u>263,404</u>
 TOTAL ASSETS	 <u>268,539</u>
 LIABILITIES	
Accounts Payable	<u>760</u>
 TOTAL LIABILITIES, ALL CURRENT	 <u>760</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	263,404
Unrestricted net assets	<u>4,375</u>
 TOTAL NET ASSETS	 <u>\$ 267,779</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 MARCH 31, 2008

	ENTERPRISE FUND <u>WATER</u>
OPERATING REVENUES	
Charges for Services	\$ 4,479
TOTAL OPERATING REVENUES	<u>4,479</u>
OPERATING EXPENSES	
Wages & Fringe Benefits	929
Supplies	627
Services	3,934
Depreciation Expense	<u>10,055</u>
TOTAL OPERATING EXPENSES	<u>15,545</u>
OPERATING INCOME (LOSS)	<u>(11,066)</u>
INCOME BEFORE OPERATING TRANSFERS	<u>(11,066)</u>
TRANSFERS	
Transfer From Other Funds	<u>50,000</u>
TOTAL TRANSFERS	<u>50,000</u>
NET INCOME (LOSS)	38,934
NET ASSETS, BEGINNING OF YEAR	<u>228,845</u>
NET ASSETS, END OF YEAR	<u><u>\$ 267,779</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2008

	ENTERPRISE FUND <u>WATER</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 4,479
Cash payments for goods and services	<u>(5,127)</u>
Net Cash Provided (Used) by Operating Activities	<u>(648)</u>
Cash Flows from Non Capital Financing Activities:	
Transfers from other funds	<u>50,000</u>
Net Cash Provided by Non Capital Financing Activities	<u>50,000</u>
Cash Flows from Capital Activities:	
Acquisition of capital assets	<u>(72,464)</u>
Net Cash (Used) by Capital Activities	<u>(72,464)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(23,112)
Cash and Cash Equivalents, Beginning of Year	<u>28,247</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,135</u>
Operating Income (Loss)	\$ (11,066)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	10,055
Increase (Decrease) in Accrued Liabilities	<u>363</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (648)</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2008

<u>ASSETS</u>	
Cash	\$ 13,613
Due from Other Governmental Units	<u>6,004</u>
<u>TOTAL ASSETS</u>	<u>\$ 19,617</u>
<u>LIABILITIES</u>	
Due to Other Governmental Units	<u>\$ 19,617</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 19,617</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Albert Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The General Law Township is located in Montmorency County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, ambulance service, voter registration, maintenance of township facilities, planning and zoning, and water.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Fire and Ambulance Fund – This is a special revenue fund used to record revenue and expenditures related to the fire and ambulance department activities.

Road Fund – This is a special revenue fund used to record the proceeds from tax levies and to record the expenditures for road improvements.

The Township reports only one business type activity fund, the Water Fund, which is an enterprise fund and is reported as a major fund.

Additionally, the Township reports the following governmental fund as non major funds: Special Revenue Metro Act Fund.

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations would be reported as liabilities in the statement of net assets. Albert Township has no long term debt.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change – Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township’s financial statements as a result of GASB No. 34 are as follows:

- § A Management’s Discussion and Analysis (MD&A) section providing analysis of the Township’s overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township’s activities have been provided.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$990,446 not previously accounted for by the Township
- § The governmental activities column includes accrued personal leave time of \$5,750 not previously reported.
- § The fund financial statements focus on major funds rather than fund types.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal year, and a new budget is adopted for the ensuing year. The budget for Albert Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. The following items exceeded budgeted amounts.

	<u>Total Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General:			
Board of Appeals	\$ 3,450	\$ 3,999	\$ (549)
Fire and Ambulance:			
Wages	\$ 212,750	\$ 231,245	\$ (18,495)
Fringes	\$ 29,050	\$ 32,865	\$ (2,815)
Supplies	\$ 34,750	\$ 37,149	\$ (2,399)

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 - CASH AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments are as follows:

	<u>Imprest</u>	<u>Cert of Dep</u>	<u>Cash/checking and Savings</u>	<u>Investments</u>	<u>Total</u>
Government Activities	\$ 200	\$ 985,031	\$ (14,001)	\$ 628,844	\$ 1,600,074
Agency Funds	-	-0-	13,613	-0-	13,613
	<u>\$ 200</u>	<u>\$ 985,031</u>	<u>\$ (388)</u>	<u>\$ 628,844</u>	<u>\$ 1,613,687</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$984,643 and the bank balance was \$998,850 was classified as to risk as follows.

Insured	\$ 673,963
Uninsured – Uncollateralized	310,680
	<u>\$ 984,643</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The \$628,844 in investments is held in the First Federal Non-FDIC Sweep Investment Account which is uninsured.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

NOTE 4 - RISK MANAGEMENT

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Albert Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities for the current year was as follows:

	Balance <u>March 31, 2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>March 31, 2008</u>
Capital assets not being depreciated:				
Land	\$ 64,700		\$ -	\$ 64,700
Capital assets being depreciated:				
Building and building improvements	885,185		-	885,185
Equipment and vehicles	<u>1,178,702</u>	<u>18,785</u>	<u>3,077</u>	<u>1,194,410</u>
Subtotal	<u>2,063,887</u>	<u>18,785</u>	<u>3,077</u>	<u>2,079,595</u>
Accumulated depreciation	<u>1,078,279</u>	<u>78,647</u>	<u>3,077</u>	<u>1,153,849</u>
Net capital assets being depreciated	<u>985,608</u>	<u>(59,862)</u>	<u>-</u>	<u>925,746</u>
Net governmental capital assets	<u>\$ 1,050,308</u>	<u>\$ (59,862)</u>	<u>\$ -</u>	<u>\$ 990,446</u>

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital asset activity of the business type activities for the current year was as follows:

	Balance <u>March 31, 2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>March 31, 2008</u>
Capital assets being depreciated:				
Building and building improvements	\$ 35,101	\$ -	\$ -	\$ 35,101
Equipment and vehicles	<u>275,967</u>	<u>49,562</u>	<u>-</u>	<u>325,529</u>
Subtotal	<u>311,068</u>	<u>49,562</u>	<u>-</u>	<u>360,630</u>
Accumulated depreciation	<u>87,171</u>	<u>10,055</u>	<u>-</u>	<u>97,226</u>
Net capital assets	<u>\$ 223,897</u>	<u>\$ 39,507</u>	<u>\$ -</u>	<u>\$ 263,404</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental Activities:	
General Fund	\$ 19,839
Fire and Ambulance Fund	<u>58,808</u>
Total	<u>\$ 78,647</u>
Business Type Activities:	
Water Fund	<u>\$ 10,055</u>
Total	<u>\$ 10,055</u>

REQUIRED SUPPLEMENTARY INFORMATION

ALBERT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 91,800	\$ 91,800	\$ 128,724	\$ 36,924
State Sources	176,400	176,400	185,418	9,018
Other Governments	12,500	12,500	12,500	-
Charges for Services	92,800	92,800	84,604	(8,196)
Interest Income	34,600	34,600	36,295	1,695
Administration Fee	42,500	42,500	43,998	1,498
Other	<u>1,000</u>	<u>1,000</u>	<u>4,479</u>	<u>3,479</u>
TOTAL REVENUES	<u>451,600</u>	<u>451,600</u>	<u>496,018</u>	<u>44,418</u>
EXPENDITURES				
General Government:				
Township Board	55,584	51,984	51,574	410
Supervisor	12,722	14,222	13,545	677
Clerk	37,610	37,610	37,380	230
Board of Review	2,000	2,000	626	1,374
Board of Appeals	2,400	3,450	3,999	(549)
Treasurer	49,907	49,507	47,238	2,269
Assessor	43,350	43,350	40,706	2,644
Election	3,450	5,250	5,049	201
Township Hall	50,100	34,600	24,261	10,339
Attorney	13,200	13,200	9,507	3,693
Township Garage	5,200	5,100	3,538	1,562
Cemetery	12,500	12,500	8,751	3,749
Capital Outlay	<u>2,320</u>	<u>2,320</u>	<u>2,320</u>	<u>-</u>
Total General Government	<u>290,343</u>	<u>275,093</u>	<u>248,494</u>	<u>26,599</u>
Public Safety:				
Police	600	700	582	118
Planning and Zoning	<u>32,220</u>	<u>32,920</u>	<u>32,717</u>	<u>203</u>
Total Public Safety	<u>32,820</u>	<u>33,620</u>	<u>33,299</u>	<u>321</u>
Public Works				
Transfer Site	<u>64,050</u>	<u>63,000</u>	<u>59,602</u>	<u>3,398</u>
Total Public Works	<u>64,050</u>	<u>63,000</u>	<u>59,602</u>	<u>3,398</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES (CONTINUED)				
Recreation & Culture:				
Parks	\$ 12,300	\$ 27,300	\$ 26,493	\$ 807
Chamber of Commerce	850	850	497	353
Library	<u>4,450</u>	<u>4,950</u>	<u>4,207</u>	<u>743</u>
Total Recreation & Culture	<u>17,600</u>	<u>33,100</u>	<u>31,197</u>	<u>1,903</u>
 TOTAL EXPENDITURES	 <u>404,813</u>	 <u>404,813</u>	 <u>372,592</u>	 <u>32,221</u>
 REVENUES OVER (UNDER) EXPENDITURES	 46,787	 46,787	 123,426	 76,639
 OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
 REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	 (3,213)	 (3,213)	 73,426	 76,639
 FUND BALANCES, BEGINNING OF YEAR	 <u>418,885</u>	 <u>438,592</u>	 <u>428,560</u>	 <u>(10,032)</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 415,672</u>	 <u>\$ 435,379</u>	 <u>\$ 501,986</u>	 <u>\$ 66,607</u>

ALBERT TOWNSHIP
FIRE & AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 260,000	\$ 260,000	\$ 270,056	\$ 10,056
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	114,500	114,500	135,163	20,663
Interest	23,100	23,100	34,604	11,504
Other Revenue	-	-	2,340	2,340
	<u>397,600</u>	<u>397,600</u>	<u>442,163</u>	<u>44,563</u>
TOTAL REVENUES				
EXPENDITURES				
Public Safety				-
Wages	202,250	212,750	231,245	(18,495)
Fringes	29,050	29,050	32,865	(3,815)
Supplies	34,750	34,750	37,149	(2,399)
Contractual Services	43,850	43,850	33,517	10,333
Utilities	11,950	11,950	11,838	112
Capital Outlay	35,000	24,500	-	24,500
	<u>356,850</u>	<u>356,850</u>	<u>346,614</u>	<u>10,236</u>
TOTAL EXPENDITURES				
REVENUES OVER (UNDER) EXPENDITURES	<u>40,750</u>	<u>40,750</u>	<u>95,549</u>	<u>54,799</u>
FUND BALANCES, BEGINNING OF YEAR	<u>856,209</u>	<u>850,992</u>	<u>848,296</u>	<u>(2,696)</u>
FUND BALANCES, END OF YEAR	<u>\$ 896,959</u>	<u>\$ 891,742</u>	<u>\$ 943,845</u>	<u>\$ 52,103</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 67,000	\$ 67,000	\$ 71,052	\$ 4,052
Interest	4,400	4,400	5,206	806
Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>71,400</u>	<u>71,400</u>	<u>76,258</u>	<u>4,858</u>
EXPENDITURES				
Public Works	<u>73,250</u>	<u>73,250</u>	<u>19,443</u>	<u>53,807</u>
TOTAL EXPENDITURES	<u>73,250</u>	<u>73,250</u>	<u>19,443</u>	<u>53,807</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,850)	(1,850)	56,815	58,665
FUND BALANCES, BEGINNING OF YEAR	<u>219,324</u>	<u>219,324</u>	<u>219,324</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 217,474</u>	<u>\$ 217,474</u>	<u>\$ 276,139</u>	<u>\$ 58,665</u>



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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FAX: (989) 786-4032

INTERNAL CONTROL LETTER

September 12, 2008

Township Board
Albert Township
Lewiston, Michigan 49756

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Albert Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Albert Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Albert Township's internal control. Accordingly, I do not express an opinion on the effectiveness of Albert Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses as defined above. However, I identified the following deficiency in internal control that I consider to be a significant deficiency.

Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 112 requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Township's auditor prepares these financial statements.

This communication is intended solely for the information and use of management, the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Thomas R. Zick CPA, P.C.
Certified Public Accountant



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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REPORT TO MANAGEMENT / TOWNSHIP BOARD

September 12, 2008

Township Board
Albert Township
Lewiston, Michigan 49756

I have audited the financial statements of Albert Township for the year ended March 31, 2008, and have issued my reports thereon dated September 12, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility Under U.S. Generally Accepted Auditing Standards

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Albert Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Albert Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Albert Township's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Albert Township are described in Note 1 to the financial statements. I noted no transactions entered into by Albert Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Albert Township's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed have been recorded by Albert Township.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Albert Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Albert Township's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

COMMENTS AND RECOMMENDATIONS

The following is a summary of my observations with suggestions for improvements I believe should be brought to your attention.

TRANSFER SITE REVENUE

The process to receive and deposit receipts from the transfer site could be improved, in my opinion, if the township implemented a punch card system. The cards could be purchased at the township hall in person or by mail in different denominations. As an incentive to purchase the cards, a higher rate could be charged to individuals who pay at the transfer site.

RECEIPTS / BANK DEPOSITS

Deposits to the Township bank accounts should be more frequent. I noted instances where receipts were not deposited for more than two weeks. I feel deposits should be made at a minimum weekly, and more frequently would be preferable.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the matters described above are material weaknesses.

This report is intended solely for the information and use of Albert Township Montmorency County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Thomas R. Zick CPA, P.C.
Certified Public Accountant